

## Message Text

CONFIDENTIAL

PAGE 01 MANILA 01503 031644Z

45

ACTION EA-06

INFO OCT-01 ISO-00 SS-14 SP-01 L-01 INR-05 EB-03 RSC-01

/032 W

----- 007816

R 031016Z FEB 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 345

C O N F I D E N T I A L MANILA 1503

STADIS////////////////////////////////////

LIMDIS

E.O. 11652: GDS

TAGS: ETRD, ECON, RP

SUBJECT: ECONOMIC TALKS WITH MARCOS

REF: MANILA 1502

1. IN COURSE OF LONG SESSION TODAY WITH MARCOS AND MOST OF HIS CABINET ADVISERS, IN WHICH MY ECONOMIC/COMMERCIAL COUNSELOR AND THE PRESIDENT OF THE AMERICAN CHAMBER, JOSE SORIANO (BY MARCOS' INVITATION) ALSO PARTICIPATED, I FEEL WE WERE ABLE TO MAKE SOME PROGRESS ON RESOLUTION OF THE LAND OWNERSHIP AND LEASE ISSUES. I WAS ABLE AT THE SAME TIME TO PUT BEFORE THE PRESIDENT OUR CONCERNS ABOUT COTTON CONTRACTS AND THE PAN AM CARGO PERMIT IMPASSE. I WILL ELABORATE FURTHER ON THE LAND ISSUES IN SEPARATE MESSAGES REPORTING FIRST PRELIMINARY CABINET LEVEL TALKS WE HAVE HAD AND SECOND THE MAIN THRUST OF TODAY'S ROUND.

2. THE INTENT OF EARLIER SKIRMISHES ON LAND WITH PATERNO, VIRATA AND MELCHOR WAS TO ASSURE THAT IN TODAY'S SESSION MARCOS WOULD BE FULLY BRIEFED. HE MET WITH THE CABINET FOR AN HOUR BEFORE WE WENT IN, AND HE OBVIOUSLY WAS UP TO SPEED ON THE MAIN PROBLEMS.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MANILA 01503 031644Z

3. I STRESSED IN OPENING REMARKS THAT THE LAND SITUATION

SEEMED HEADED TOWARD CONFRONTATION AND MARCOS READILY AGREED THIS SHOULD BE AVOIDED. I HAD FAMILIARIZED MELCHOR WITH STATE 23558, INCIDENTALLY, AND HE HAD BRIEFED THE PRESIDENT. I ALSO NOTED THAT IF PROMPT APPROACHES TO PROBLEMS OF INDIVIDUAL FIRMS COULD NOT BE MADE, IT APPEARED NECESSARY TO PROVIDE TIME BEYOND THE END OF THE MAY 27 MORATORIUM. MARCOS AGREED THAT ACTION SHOULD BEST BE TAKEN SOON, BUT HE WAS TOTALLY NON-COMMITTAL ON ANY FURTHER MORATORIUM.

4. GOOD PROGRESS, I FEEL, WAS MADE TOWARD ADOPTION OF A FOUNDATION/DONATION SCHEME AS ONE WAY TO HANDLE PRIVATE LAND. THE MODEL PROPOSED -- AND OF SEEMING GENERAL ACCEPTANCE IN PRINCIPLE -- WAS ONE BEING PROPOSED BY SORIANO & CIA FOR PHELPS DODGE. OTHER SCHEMES SUCH AS SALE TO THE LAND BANK WE DID NOT GREET WITH ENTHUSIASM, BUT WE AGREED THAT OTHER ARRANGEMENTS INVOLVING SALE AND LEASEBACK SHOULD BE AVAILABLE FOR FIRMS TO CHOOSE.

5. PROGRESS ON FORESHORE LEASES WAS VERY MIXED. THE AMCHAM HAD PROPOSED POSSIBLE RECLASSIFICATION OF CERTAIN FORESHORE LENDS TO PERMIT LEASES. THE PRESIDENT SEEMED TO LIKE THIS AS DID MOST OF THE CABINET. A CHAMBER PROPOSAL FOR EASEMENTS AND RIGHTS OF WAY THROUGH THE FORESHORE GAVE ABAD SANTOS PROBLEMS. THE PRESIDENT GRASPED OUR PROBLEM, HOWEVER, WITH ANY SOLUTION THAT INVOLVED A TAKE-OVER OF IMPROVEMENTS ON LEASED LANDS, AND HE CONTINUED TO PROBE ON POSSIBLE VARIATIONS OF THE EASEMENT THEORY WHICH COULD BE SUITABLY LIMITED TO MEET CONSTITUTIONAL OBJECTIONS RAISED BY ADAB SANTOS. THERE IS A GOOD DEAL MORE WORK TO BE DONE ON ALL THESE IDEAS, BUT THERE IS A GOOD MOMENTUM AT PRESENT IF WE CAN KEEP IT UP.

6. THE COTTON CONTRACTS PROBLEM WAS NOT UNFAMILIAR TO MARCOS. HE IMMEDIATELY CALLED ATTENTION TO WORLDWIDE PROBLEMS OF THIS SORT AND IN ADDITION TO OUTLINING THE MOOD IN WASHINGTON I MADE SPECIFIC COMMENT ON THE PHILIPPINE COPPER CONCENTRATE PROBLEM WITH JAPAN. I PREFERRED AT THIS STAGE ONLY TO LEAVE THE MATTER WITH HIM AND, THEREFORE, DID NOT PRESS, SAYING WE WOULD FOLLOW UP WITH BOTH VIRATAS IN FINANCE AND DBP. MARCOS MADE NO PROMISES.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MANILA 01503 031644Z

7. REGARDING CIVAIR, MARCOS HAD A BRIEFING PAPER FROM ROMULO AND ZEROED IN IMMEDIATELY ON THE CHARGES AGAINST PAN AM AS WELL AS THE VERY LIMITED CHARACTER OF THE PERMIT INVOLVED. I URGED HIM TO PUSH THE PHIL CAB TO HOLD A PROMPT HEARING, AND HE ORDERED THAT A CAB MEETING BE HELD IMMEDIATELY.

8. THERE WILL OBVIOUSLY BE MUCH FURTHER WORK ON ALL THESE PROBLEMS, AND ON LAND MUCH NEEDS TO BE UNDERTAKEN RIGHT AWAY WITH OUR BUSINESSMEN. I SOMETIMES BLANCH AT THE AMOUNTS OF TOP LEVEL ENERGY CONSUMED IN MEETINGS SUCH AS TODAY'S, BUT WE DON'T SEEM TO GET MUCH PROGRESS ON THE STICKY ISSUES WITHOUT THEM.  
SULLIVAN

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LAND, COTTON, DIPLOMATIC DISCUSSIONS, NEGOTIATIONS, LEASES, CONTRACTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 03 FEB 1975  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975MANILA01503  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750039-0103  
**From:** MANILA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750278/aaaacsgo.tel  
**Line Count:** 122  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** STADIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** STADIS  
**Reference:** 75 MANILA 1502  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 22 JUL 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <22 JUL 2003 by ShawDG>; APPROVED <23 JUL 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ECONOMIC TALKS WITH MARCOS  
**TAGS:** ETRD, ECON, RP, (MARCOS)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006